

**THE MILLENNIUM INSTITUTE OF ADVANCED NURSING  
LIQUIDATION ANALYSIS**

**Chapter 11**

MILLENNIUM INSTITUTE OF ADVANCE NURSING  
LIQUIDATION ANALYSIS  
AS OF APRIL 2012

ASSETS	Apr-12 ESTIMATED VALUE	% OF ESTIMATED VALUE	LIQUIDATION VALUE	LIENS	Notes	NET VALUE
Cash	\$ 146,130	100%	146,130	-		146,130
Accounts receivable- Trade	793,149	90%	713,834	-	(1)	713,834
Deferred Tax Asset (NOL's)	89,706	0%	-	-		-
Furniture and Fixtures	409,430	75%	307,073			307,073
Real Property	3,080,000	90%	2,464,000	2,894,883	(2)	-
Parcel of Land	250,000	100%	250,000	239,327	(3)	10,673
Prepaid Income Tax	510,077	0%	-	-	(4)	-
<b>TOTAL ESTIMATED LIQUIDATION VALUE</b>	<b>\$ 5,278,492</b> ✓		<b>\$ 3,881,037</b>	<b>\$ 3,134,210</b>		<b>\$ 1,177,710</b>
LESS: PAYMENTS						
ADMINISTRATIVE CLAIMS: (Chapter 7)						
Legal Fees			\$ 10,000		(5)	10,000
Accounting and Consulting			10,000			10,000
Chapter 7 Trustee fees			139,681			139,681
<b>TOTAL ADMINISTRATION EXPENSES</b>			<b>159,681</b>			<b>159,681</b>
<b>AMOUNT AVAILABLE FOR PAYMENTS OF CREDITORS OTHER THAN CHAPTER 7 ADMINISTRATIVE EXPENSES</b>						<b>\$ 1,018,029</b>
ADMINISTRATIVE CLAIMS: (Chapter 11)						
Legal Fees						50,000
Accounting and Consulting						25,000
US Trustee Fees						9,750
Other						-
<b>TOTAL ADMINISTRATION EXPENSES</b>					(6)	<b>84,750</b>
<b>LESS PAYMENTS TO PRIORITY</b>						<b>933,279</b>
						<b>680,867</b>
<b>AMOUNTS AVAILABLE FOR UNSECURED CREDITORS</b>						<b>\$ 252,412</b>
<b>TOTAL UNSECURED</b>						<b>\$ 773,109</b>
						<b>33%</b>

## **THE MILLENNIUM INSTITUTE OF ADVANCED NURSING**

### **NOTES TO LIQUIDATION ANALYSIS**

In connection with developing the Plan included in the Disclosure Statement to which this is an exhibit, management has prepared a Liquidation Analysis (the "Analyses") which may be helpful to holders of claims and interests in reaching their determination of whether to accept or reject the Plan. The Analysis is based on the assumptions discussed below.

The Analysis reflects The Millennium Institute of Advanced Nursing (Debtor's) estimate of the proceeds they would realize if Debtor was to be liquidated in accordance with Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is based on the assets of Debtor as of petition date. Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of Debtor and its management, and upon assumptions with respect to the liquidation decisions which could be subject to change.

**ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF DEBTOR WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.**

The issues of potential recoveries from avoidance actions and final bankruptcy claims reconciliation have not been addressed in the Liquidation Analysis.

#### **NOTE 1 – ACCOUNTS RECEIVABLE**

Accounts receivable are recorded at invoiced amount and do not bear interest. Accounts receivable primarily consists of claim to different insurance companies. The liquidation analysis assumes that 90% of accounts receivable are collectable.

#### **NOTE 2 – REAL PROPERTY**

Real property includes land and building for commercial use. Real property was included in the schedules for a total of \$3,080,000 (Exhibit #3). The liquidation analysis assumes that this property could be sold at approximately 80% of the fair market value.

#### **NOTE 3 – PARCEL OF LAND**

The parcel of land includes land located at Caimito and Tortuga in the municipality of San Juan. The land was included in the schedules for a total of \$250,000 (Exhibit#3). The liquidation analysis assumes that this property could be sold at approximately 100% of the fair market value.

#### **NOTE 4 – PREPAID INCOME TAX**

The Company had \$510,077 of prepaid taxes with the Commonwealth of Puerto Rico. The prepaid is due to the income tax withholding, in general, payments made by the Government of Puerto Rico or any person in the conduct of a trade or business or for the production of income in excess of \$1,500 to another person (individual or entity) for services performed within Puerto Rico are subject to a seven percent (7%) withholding. The prepaid tax will be used to offset the priority claim with the Department of Treasury of the Commonwealth of Puerto Rico.

## ***THE MILLENNIUM INSTITUTE OF ADVANCED NURSING***

### ***NOTES TO LIQUIDATION ANALYSIS***

#### **NOTE 5 – ADMINISTRATIVE CLAIMS, CHAPTER 7**

These expenses represent fees that could be collected by a Trustee due to the Liquidation of the Estate in the event of a conversion to Chapter 7. Trustee's fees are estimated based the actual payments in distributions to creditors in the case and based on the following table:

25% of the first \$5,000 payments in distribution  
10% of the following \$45,000 payments in distribution  
5% of the following \$950,000 payments in distribution  
3% of all payments in distribution over \$1,000,000

#### **NOTE 6 - ALLOCATION OF NET ESTIMATED LIQUIDATION PROCEEDS TO ADMINISTRATIVE CHAPTER 11**

There would be approximately \$84,750 distribution of proceeds to the Administrative Chapter 11 claimants according to the detail included in the analysis.

**McCLOSKEY, MULET & BONNIN APPRAISERS, P. S. C.**

REAL ESTATE APPRAISERS AND CONSULTANTS

Robert F. McCloskey, MAI, CRE, MIE  
Guillermo R. Mulet, MAI  
Rafael E. Bonnin Surís, MAI

**APPRAISAL REPORT**

**MILLENNIUM INSTITUTE  
SKILLED CARE NURSING & ELDERLY HOME FACILITY  
SAN COSME STREET, SAN LUCAS DEVELOPMENT  
RIO PIEDRAS, PUERTO RICO**

**PREPARED:**

**For :** Banco Popular de Puerto Rico  
c/o Mrs. Addie Lebrón  
Rio Piedras CBC  
San Juan, Puerto Rico

**By :** Robert F. McCloskey Díaz, MAI, CRE, MIE  
Certified Real Estate Appraiser

Pedro Campos Saavedra  
Certified Real Estate Appraiser

**Effective Date of Appraisal :** January 1, 2008  
January 1, 2011 (Stabilization of Occupancy)

**Date of Report :** February 8, 2008



**McCLOSKEY, MULET & BONNIN APPRAISERS, P. S. C.**

REAL ESTATE APPRAISERS AND CONSULTANTS

Robert F. McCloskey, MAI, CRE, MIE  
Guillermo R. Mulet, MAI  
Rafael E. Bonnin Surís, MAI

February 8, 2008

Mrs. Addie Lebrón  
Banco Popular de Puerto Rico  
Rio Piedras CBC  
San Juan, Puerto Rico

Dear Mrs. Lebrón:

As per your request, we have prepared an appraisal of the Millennium Institute Skilled Care Nursing and Elderly Home facility located in the San Lucas Development of the Caimito Sector in San Juan, Puerto Rico.

The property is licensed for 100 beds as a nursing home (casa de salud) by the Puerto Rico Department of Health; an additional 100 beds are licensed as an elderly home by the Puerto Rico Department of the Family. The property is also approved by the US Department of Health and Human Services under the Medicare program for 120 skilled nursing beds. Currently, the facility has an existing inventory of 79 beds, where 39 of these are used for skilled nursing and the remainder for elderly home services. The facility has two main floors with an enclosed construction area of 74,419 square feet, and a site area of 11,736.56 square meters.

The subject property had been operating exclusively as an elderly home when in July of 2006 it received the approval by Medicare for the skilled nursing program. Since then, approximately 50% of its existing beds have been dedicated to this use. According to management, projections are for the continued growth of the skilled nursing operation up to its capacity of 100 beds, however based on our research, the skilled nursing segment of Puerto Rico's health industry is in turmoil and growth potential for this segment is flat at best. Based on this, we concluded that the subject's highest and best use is its continued health-related use but phasing-out the skilled nursing operation and to continue its use as a nursing home.

The purpose of the appraisal was to estimate the "as is" market value of the Fee Simple interest in the going-concern of the subject property, as of January 1, 2008 and, the prospective market value of the Fee Simple interest in the going-concern of the subject property upon operational stabilization, once the skilled nursing operation is phased-out, expected to happen by January 1, 2011. Finally it is also the purpose of this appraisal to estimate the liquidation value of the subject property "as is" as of January 1, 2008.

The intended user of this document is Banco Popular de Puerto Rico, for internal decision purposes or possible financing.

Millennium Institute Skilled Care Nursing & Elderly Home Facility  
 Banco Popular de Puerto Rico  
 February 8, 2008  
 Page 2 of 3

#### "AS IS" MARKET VALUE OF GOING-CONCERN

After a thorough investigation and analysis of the economic factors affecting values in the area, it is our opinion that the "as is" Market Value (Fee Simple Interest) of the Going-Concern in the subject property as of January 1, 2008, according to the definitions stated in the report and subject to the assumptions, limiting conditions, and certifications therein was:

<b>"As Is" Market Value – Going Concern</b>		<b>\$4,400,000</b>
<b>January 1, 2008</b>		<b>Four Million Four Hundred Thousand Dollars</b>
<b>Value Distribution</b>		
Contribution of Real Property (Site and Improvements)	:	\$3,900,000
Contribution of Personal Property (FF&E)	:	\$500,000
Total	:	\$4,400,000

#### PROSPECTIVE MARKET VALUE OF GOING-CONCERN – UPON STABILIZATION

Furthermore, it is our opinion that the *Prospective Market Value (Fee Simple Interest) of the Going-Concern* in the subject property as of the estimated date of operational stabilization, January 1, 2011, according to the definitions stated in the report and subject to the assumptions, limiting conditions, and certifications therein is expected to be:

<b>Prospective Market Value Upon Stabilization – Going Concern</b>		<b>\$5,400,000</b>
<b>January 1, 2011</b>		<b>Five Million Four Hundred Thousand Dollars</b>
<b>Value Distribution</b>		
Contribution of Real Property (Site and Improvements)	:	\$4,900,000
Contribution of Personal Property (FF&E)	:	\$500,000
Total	:	\$5,400,000

#### LIQUIDATION VALUE – "AS IS"

Finally, it is our opinion that the *Liquidation Value* of the subject property as of January 1, 2008, according to the definitions stated in the report and subject to the assumptions, limiting conditions, and certifications therein was:

<b>Liquidation Value – "As Is"</b>		<b>\$3,100,000</b>
<b>January 1, 2008</b>		<b>Three Million One Hundred Thousand Dollars</b>

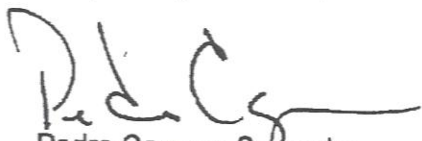
Millennium Institute Skilled Care Nursing & Elderly Home Facility  
Banco Popular de Puerto Rico  
February 8, 2008  
Page 3 of 3

This is a letter of transmittal and should not be relied upon without the accompanying report, which sets forth the description and analysis of the market area and the subject property, the comparable market data, and the analyses carried out in order for us to arrive at the value opinions reported therein. Possession of the report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without our written consent, and in any event, only with proper written qualification and only in its entirety.

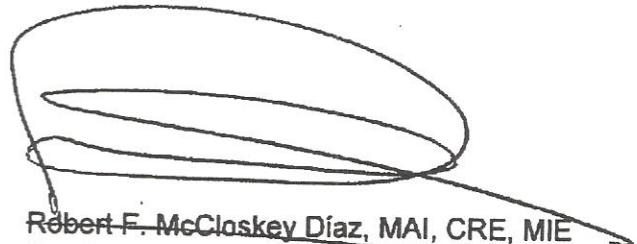
We are not responsible for unauthorized use of the report, and no one except the client is allowed to use it or its findings for decision making except as previously expressed. We accept no responsibility for use of the report by any person or entity other than the client, or for any other use than the one stated in the report, also as expressed.

The accompanying report contains information considered relevant to the value of the subject property, and the methods by which collected data has been analyzed in arriving at our value opinions.

Respectfully submitted,



Pedro Campos Saavedra  
Certified General Real Estate Appraiser  
Certificate No. 188 CG  
PR License No. 697



Robert F. McCloskey Díaz, MAI, CRE, MIE  
Certified General Real Estate Appraiser  
Certificate No. 17 CG  
PR License No. 19